

AI and tariffs add to complexity of extra-territorial compliance



By Ruth Prickett | Fri, Oct 10, 2025 9:56 PM

Extra-territorial rules are an increasing risk for global organizations as governments add regulations governing AI, fraud, tariffs, and sanctions to existing laws on bribery and corruption. Complex supply chains and requirements for global due diligence extend the strong arm of the law ever further.

Such rules once focused on tackling international financial crime and pursuing political differences via sanctions. These laws continue to evolve, but they are being supplemented with rules relating to emerging concerns, including the environment, big tech data, and AI use. Rapidly changing tariff rules are focusing authorities' attention on customs breaches.

Subsidiaries in the law's home country are usually in scope, regardless of where their group headquarters is based. But compliance teams should also examine supply chains, since supplier and third-party agent transgressions could impact their own compliance.

Additionally, existing extra-territorial rules are being enhanced. For example, the list of individuals and organizations subject to sanctions laws has been hugely extended since Russia invaded Ukraine. Sanctions lists and requirements vary in different regions.

Bernadine Reese, managing director at consultancy Protiviti, said compliance complexity stems from having to navigate multiple overlapping requirements.

"In some cases, such as the [General Data Protection Regulation \(GDPR\)](#), the regulations apply based on the nature of the customer base (eg, processing the personal data of an EU citizen), while others hinge on transactional factors such as a jurisdictional nexus, or the use of a particular currency, notably USD-denominated transactions," she explained.

Global concerns

Natalia Gindler Corsini, founder of corporate compliance advisers Prae Venire, believes that the extra-territorial laws and regulations currently demanding most compliance attention are related to global concerns, including corruption, the environment, AI use, and cross-border trade.

Multinationals based outside the U.S. need to be aware of the Foreign Corrupt Practices Act (FCPA), the potential for tariff changes to cause [a surge in False Claims Act cases](#), rapidly changing export controls on semiconductors and AI-related tech, and sanctions (including the [Transnational Criminal Organizations Program](#)), she said.

EU rules to watch include the [AI Act](#), the GDPR (particularly the faster [cross-border enforcement procedures](#) announced on June 16), and the [Corporate Sustainability Due Diligence Directive \(CS3D\)](#), which

is driving new requirements to conduct due diligence over human rights and environmental abuses across global supply chains.

Gindler Corsini also warned compliance teams to watch developments in Brazil's [LGPD data privacy law](#), and to be aware of the U.K.'s new corporate offence of [Failure to Prevent Fraud](#) guidance, which came into force on Sept 1.

Mustafa Yurdakul, associate solicitor at business service provider Vistra, added to this list the [U.K. GDPR](#), [Bribery Act](#), and [Modern Slavery Act](#). Among financial regulations, he sees the [U.K. National Security and Investment Act](#) (NSIA), U.S. [Foreign Account Tax Compliance Act](#) (FATCA), and the multinational [Common Reporting Standard](#) (CRS) as significant for their extra-territorial reach.

The primary challenge presented by such laws is their complexity and the need for specialist legal guidance, he said. All of these regulations require some proactivity. For example, companies must register with the U.K. [Information Commissioner's Office](#) (ICO) for U.K. GDPR, and implement policies and produce reports to meet obligations under other rules.

Trending: Fraud and bribery

Olivier Cornet, U.K. country manager at audit platform Sixthfin, said it can be easy for multinationals to miss regional changes that apply to subsidiaries. "In the U.K. and France, for example, we're seeing a rise in corporate transparency and anti-fraud measures," he said. These are national laws, so they may be overlooked by large corporations with subsidiaries in these countries.

This is a rising trend in Europe, Cornet said, as governments look to improve anti-fraud measures and reduce white-collar crime. "Large corporates need to show they have preventative controls in place to tackle bribery, fraud, and other risks within their compliance and anti-corruption strategies," he said.

In particular, fraud, corruption, and bribery now come under "prevent or be liable" frameworks in the U.K. and in France. Cornet points to the U.K.'s [Economic Crime and Corporate Transparency Act \(ECCTA\)](#) (which includes the Failure to Prevent Fraud offense).

Companies that meet the ECCTA criteria don't have to be listed in the U.K., they just need subsidiaries to be impacted by the legislation, Cornet warned.

"The Failure to Prevent Fraud offence makes it easier for prosecutors to hold large corporate entities responsible," he said. Companies with subsidiaries in France should be aware of the anti-corruption law [Sapin II](#).

Sanctions

Sanctions rules in the U.S., EU, and U.K. [are constantly evolving](#). The U.K. released new [guidance](#) for firms based in other countries on June 27 (updated on Sept 8). It points out that "a breach does not need to occur within U.K. borders for U.K. enforcement authority to be engaged." There simply has to be a "U.K. nexus."

For example, the guidance highlights the situation of a firm in a third country that receives an order from a Russian importer for goods that are subject to U.K. sanctions, so cannot be obtained directly from the U.K.

The firm orders the goods from a U.K. supplier without informing them or others involved (such as banks, insurers, and shippers) that the end-user is in Russia and then re-exports the goods to Russia.

Not only do the U.K. sanctions rules apply to everybody in “the territory and territorial sea of the U.K.,” and to all U.K. persons wherever they are in the world, but also “all U.K. nationals and legal entities established under U.K. law, including their branches, must also comply with U.K. sanctions, wherever their activities take place.”

“U.K. Persons” who breach U.K. sanctions face “severe fines” or prosecution. “They are expected to have in place strong and effective measures for compliance,” including ensuring that no goods or services supplied to a third country are diverted to Russia or to sanctioned persons.

[Financial penalties](#) can include “asset freezes, restrictions on financial services and access to financial markets and directions to cease all business with a group, individual, sector or territory.” Companies based in other countries with no connection with U.K. law could, in turn, be sanctioned if they are involved in activities that could support Russia’s war in Ukraine – so bank assets held in the U.K. could be frozen, and U.K.-based shipping and insurance firms could not take their business.

The U.S. Treasury’s Office of Foreign Assets Control (OFAC) produced [similar guidance for foreign financial institutions](#) over its sanctions on Russia on June 12, 2024. This also provides examples of behavior that could count as sanctions evasion.

The U.S. sanctions regime applies to transactions with a U.S. nexus, and Hira Sajid, manager in Protiviti’s risk and compliance practice. She suggested that “many financial institutions screen against OFAC sanctions lists even without any direct expectation of doing business in the U.S.”

Political stresses, escalating geopolitical and geo-economic uncertainty look set to continue. Meanwhile, as tech and environmental concerns increase around the world, and more countries look to impose their own protections and standards on data use and imports, compliance should expect the complexity and scope of global rules to increase further.

What is clear is that such issues no longer matter only to compliance teams in large multinational corporations. All compliance managers in regional subsidiaries, service-providers working across borders, and those in global supply chains must be aware of current rules and watch closely for future developments.

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